December 6, 1989

VIA HAND DELIVERY

Mr. Patrick Sharpe Premerger Office Federal Trade Commission Washington, D.C. 20580 This Late to the control of the the Service is a selection of the which restrict, a selection dot. Treedom of Information det.

Re: 16 CFR 801.01(a)(2) - Exemption of Foreign Governments from "Entity"

Dear Mr. Sharpe:

This is to confirm our telephone conversation of Windows November 29, 1989.

Our client, Company "A," a non-U.S. industrial corporation, is negotiating a joint venture for the United States with Company "B," another non-U.S. industrial corporation. The contemplated transaction will be reportable under the Antitrust Improvements Act.

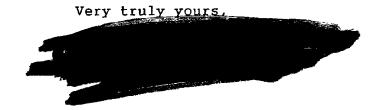
The issue we discussed on the telephone deals with the determination of "ultimate parent entity" in respect of "A."

- 1. Facts. Substantially all (more than 90%) of A's outstanding shares are owned by a foreign city, a municipal corporation, existing under the laws of a foreign country. The foreign city holds A's shares in a separate, segregated fund identified by the name of A's founder and entitled "[Founder's name] Foundation." This foundation is not a legal entity separate and apart from the city, but the income from this fund is earmarked solely for charitable, eleemosynary and public purposes within the city.
 - 2. <u>Conclusion</u>. After consulting with Richard Smith, we concluded that the "ultimate parent entity" in this case is "A" and not the city which owns A. This conclusion is based upon Section 801.1(a)(2) of the Commission's Rules which exempt

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from the definition of the term "entity" any foreign state, foreign government or agency thereof."

In reporting the contemplated transaction on behalf of A we intend to rely on the foregoing interpretation of the Commission's Rules.



NMB/slc

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